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If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document and the Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your Ordinary Shares, you should contact your stockbroker, banker or other agent through whom the sale or transfer was effected. However those documents should not be forwarded to or sent into the United States, Canada, Australia, South Africa or Japan. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this document to any jurisdiction outside the UK should seek appropriate advice before taking any action.

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## **Cluff Natural Resources Plc**

*(incorporated as a company in England and Wales with company number 07958581)*

### **Subscription**

**and**

### **Notice of General Meeting**

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Allenby Capital Limited ("Allenby Capital"), which is authorised and regulated in the United Kingdom by the FCA, is the Company's nominated adviser and broker for the purposes of the AIM Rules in connection with the Subscription. Allenby Capital is acting for the Company and no one else and will not be responsible to any other person for providing the protections afforded to customers of Allenby Capital nor for providing advice in relation to the contents of this document or any matter referred to herein. No representation or warranty, express or implied, is made by Allenby Capital for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which it is not responsible.

This document should be read in conjunction with the Form of Proxy and the Notice of General Meeting set out at the end of this document. Your attention is drawn to the letter from the Chairman of Cluff Natural Resources Plc set out on pages 6 to 8 of this document which recommends you to vote in favour of the Resolutions to be proposed at the General Meeting. Notice of the General Meeting to be held at 11:00 a.m. on 26 October 2017 is set out on pages 9 to 11 of this document. The accompanying Form of Proxy for use at the General Meeting should be completed in accordance with the instructions printed thereon and returned as soon as possible to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, by not later than 11:00 a.m. on 24 October 2017. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors or Allenby Capital. Without prejudice to the Company's obligations under the AIM Rules, neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this document or that the information contained in this document is correct as of any time subsequent to the date of this document. Allenby Capital has not authorised the contents of this document and, without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by Allenby Capital as to the contents of this document and no responsibility or liability whatsoever is accepted by Allenby Capital for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document, for which the Company and the Directors are solely responsible.

**This document does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any shares or other securities in the Company nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract therefore. This document does not constitute an offer to the public of transferable securities and so is not subject to the requirements or any legislation that implements the EU Prospectus Directive.**

Certain statements contained in this document are or may constitute "forward looking statements". Such forward looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievement of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other factors include, among others, changes in the credit markets, changes in interest rates, legislative and regulatory changes, changes in taxation regimes, and general economic and business conditions, particularly in the United Kingdom.

**Copies of this document will be available, free of charge, for a period of one month from the date of this document at the Company's registered office, Third Floor, 5-8 The Sanctuary, London SW1P 3JS, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted).**

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## STATISTICS

Subscription Price	1.5 pence
Number of Subscription Shares	66,666,667
Number of First Tranche Shares	41,666,667
Number of Second Tranche Shares	25,000,000
Number of Ordinary Shares in issue on the date of this document	329,393,532
Number of Ordinary Shares in issue at First Admission	371,060,199
Number of Ordinary Shares in issue at Second Admission	396,060,199
Subscription Shares expressed as a percentage of the enlarged issued share capital of the Company at Second Admission	16.8 per cent.

## EXPECTED TIMETABLE

Publication of this document	10 October 2017
Admission of the First Tranche Shares	12 October 2017
Expected date for CREST accounts to be credited in respect of the First Tranche Shares	12 October 2017
Despatch of definitive share certificates (where applicable) in respect of the First Tranche Shares on or around	19 October 2017
Latest time and date for receipt of Forms of Proxy	11:00 a.m. on 24 October 2017
General Meeting	11:00 a.m. on 26 October 2017
Admission of the Second Tranche Shares	27 October 2017
Expected date for CREST accounts to be credited in respect of the Second Tranche Shares	27 October 2017
Despatch of definitive share certificates (where applicable) in respect of the Second Tranche Shares on or around	3 November 2017

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“ <b>Admission</b> ”	First Admission and Second Admission
“ <b>AIM</b> ”	the market of that name operated by the London Stock Exchange
“ <b>AIM Rules</b> ”	the AIM Rules for Companies, published by the London Stock Exchange from time to time
“ <b>Allenby Capital</b> ”	Allenby Capital Limited
“ <b>Board</b> ”	the board of directors of the Company
“ <b>Company</b> ”	Cluff Natural Resources Plc
“ <b>Directors</b> ”	the directors of the Company, whose names are set out on page 6 of this document
“ <b>FCA</b> ”	the Financial Conduct Authority
“ <b>First Admission</b> ”	the admission of the First Tranche Shares to trading on AIM becoming effective in accordance with the AIM Rules
“ <b>First Tranche Shares</b> ”	the 41,666,667 new Ordinary Shares subscribed for by investors at the Subscription Price pursuant to subscription agreements between the Company and such investors
“ <b>Form of Proxy</b> ”	the form of proxy for use by Shareholders in connection with the General Meeting
“ <b>FSMA</b> ”	the Financial Services and Markets Act 2000 (as amended)
“ <b>General Meeting</b> ”	the general meeting of the Company convened for 11:00 a.m. on 26 October 2017 (or any adjournment or postponement thereof)
“ <b>London Stock Exchange</b> ”	the London Stock Exchange plc
“ <b>Notice of General Meeting</b> ”	the notice of General Meeting, set out at the end of this document
“ <b>Official List</b> ”	the official list of the UK Listing Authority
“ <b>Ordinary Shares</b> ”	ordinary shares of 0.5 pence each in the capital of the Company
“ <b>Resolution 1</b> ”	resolution 1 set out in the Notice of General Meeting
“ <b>Resolution 2</b> ”	resolution 2 set out in the Notice of General Meeting
“ <b>Resolution 3</b> ”	resolution 3 set out in the Notice of General Meeting
“ <b>Resolutions</b> ”	Resolution 1, Resolution 2 and Resolution 3
“ <b>Second Admission</b> ”	the admission of the Second Tranche Shares to trading on AIM becoming effective in accordance with the AIM Rules
“ <b>Second Tranche Shares</b> ”	the 25,000,000 new Ordinary Shares subscribed for by an investor at the Subscription Price pursuant to a subscription agreement between the Company and such investor
“ <b>Shareholders</b> ”	holders of Ordinary Shares
“ <b>Subscription Price</b> ”	1.5 pence per Subscription Share

**“Subscription Shares”**

the 66,666,667 new Ordinary Shares subscribed for by investors, at the Subscription Price pursuant to subscription agreements between the Company and such investors

**“UK Listing Authority”**

the FCA acting in its capacity as the competent authority for the purposes of FSMA

## LETTER FROM THE CHAIRMAN

# Cluff Natural Resources Plc

(Incorporated as a company in England and Wales with company number 07958581)

### Directors:

John Gordon (Algy) Cluff (*Chairman and Chief Executive Officer*)  
Graham Cameron Swindells (*Finance Director*)  
Andrew James Nunn (*Chief Operating Officer*)  
Mark Lappin (*Non-Executive Director*)  
Peter Nigel Cowley (*Non-Executive Director*)

### Registered Office:

Third Floor  
5-8 The Sanctuary  
London  
SW1P 3JS

10 October 2017

Dear Shareholder

### Subscription and Notice of General Meeting

#### Introduction

The Company announced on 6 October 2017 a subscription (the “Subscription”) of a total of 66,666,667 Subscription Shares to raise a total of £1 million (before expenses) in two tranches. All new Ordinary Shares are to be issued at the Subscription Price, 1.5 pence per new Ordinary Share.

The Subscription Shares will be issued in two tranches, with the issue of 25,000,000 new Ordinary Shares (raising a total of £375,000) being conditional, *inter alia*, on the approval by Shareholders of Resolution 1 to provide authority to the Directors to issue and allot further new Ordinary Shares otherwise than on a non-pre-emptive basis, which will be proposed at the General Meeting of the Company to be held on 26 October 2017.

The purpose of this document is to explain the reasons for the Subscription, to explain why the Board considers the Subscription to be in the best interests of the Company and its Shareholders, and why the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their beneficial interests amounting, in aggregate, to 14,044,261 Ordinary Shares representing 4.3 per cent. of the existing issued ordinary share capital of the Company at the date of this document.

#### Use of Proceeds of the Subscription

The proceeds of the Subscription will be used to complete the application for additional licences under the UK’s 30th Offshore Licensing Round, to allow additional time to seek to complete a farm out of the Company’s two 100 per cent. owned gas licences in the Southern North Sea and to continue to pursue additional investment opportunities, as well as for general working capital purposes. The Directors expect that the net proceeds of the Subscription will fund the Company through to at least the middle of Q2 of 2018.

#### Details of the Subscription and Total Voting Rights

The Subscription Price of 1.5 pence represents a discount of approximately 22.1 per cent. to the closing mid-market price of 1.925 pence on 5 October 2017, being the latest practicable closing mid-market price prior to the announcement of the Subscription on 6 October 2017. The Subscription Shares will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive dividends and other distributions declared following Admission. Admission of the First Tranche Shares is expected to occur at 8:00 a.m. on 12 October 2017. Admission of the Second Tranche Shares is expected to occur at 8:00 a.m. on 27 October 2017. The First Tranche Shares will represent approximately 11.2 per cent. of the Company’s enlarged share capital upon First Admission and the Second Tranche Shares will represent approximately 6.3 per cent. of the Company’s enlarged share capital upon Second Admission.

Subscription of the First Tranche Shares is conditional only upon First Admission, whilst subscription of the Second Tranche Shares is conditional upon, *inter alia*, the passing of Resolution 1 at the General Meeting, First Admission and Second Admission.

Following Second Admission, the Subscription Shares will represent approximately 16.8 per cent. of the Company's enlarged issued share capital and the total number of voting rights in the Company will be 396,060,199 Ordinary Shares, with one voting right each.

### **General Meeting**

A notice convening the General Meeting to be held at the offices of K&L Gates LLP, One New Change, London EC4M 9AF at 11:00 a.m. on 26 October 2017 is set out at the end of this document.

At the General Meeting, the following Resolutions will be proposed:

#### *Resolution relating to the Subscription (Resolution 1)*

A Resolution will be proposed to grant the Directors the authority to allot and issue the Second Tranche Shares without first offering them to existing Shareholders on a pre-emptive basis.

The Directors appreciate that it would be ideal when a company issues a material number of new shares for cash for that issue to be fully pre-emptive (i.e. to incorporate an offer to all Shareholders). However, the Directors believe that it would not be in Shareholders' best interests to incur the significant additional expense that would be required for such an offer to Shareholders to be implemented. The Directors have therefore concluded that seeking general authority from Shareholders to issue the Second Tranche Shares other than on a pre-emptive basis is the most flexible, simple and cost effective method available to the Company.

#### *Resolutions relating to general authority to allot relevant securities and waiver of pre-emption rights (Resolution 2 and Resolution 3)*

Resolution 2 will be proposed to enable the Directors to allot relevant securities (including Ordinary Shares). The maximum nominal amount of securities which the Directors will have authority to allot pursuant to this Resolution is £1,318,880 such amount equating to 66.6 per cent. of the aggregate nominal value of the enlarged issued share capital following Second Admission. This amount is in line with the ABI Guidelines which recommends that the Directors' authority to allot share capital be limited to a sum equal to two-thirds of the issued ordinary share capital plus the amount required in order to satisfy outstanding share options on condition that half of this amount (representing one third of the Company's issued share capital) can only be allotted pursuant to a rights issue. Resolution 2 will, if passed, renew the authority to allot given to the Directors at the general meeting on 24 November 2016, but reflecting the increased number of Ordinary Shares comprised in the enlarged issued share capital broadly on the same terms as the equivalent resolution passed at that meeting.

Further, Resolution 3 will authorise the Directors to disapply statutory pre-emption rights on the allotment of a limited number of equity securities (including Ordinary Shares). This authority will permit the directors to allot:

- (a) shares of up to approximately two-thirds of the Company's issued ordinary share capital on an offer to existing Shareholders on a pre-emptive basis. However unless the shares are allotted pursuant to a rights issue (rather than an open offer), the Directors may only allot shares up to approximately one-third of the Company's issued ordinary share capital (in each case subject to such adjustments or exclusions as are described in the notice); and
- (b) shares up to a maximum nominal amount of £297,045, such amount equating to 15 per cent. of the enlarged issued share capital following Second Admission.

The authority sought under Resolution 2 and Resolution 3 will expire approximately 15 months from the passing of these resolutions.

**Action to be taken**

Shareholders have been sent a Form of Proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting in person, you are requested to complete the Form of Proxy and to return it to the Company's Registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, so as to arrive not later than 11:00 a.m. on 24 October 2017. Unless the Form of Proxy is received by this date and time, it will be invalid. The completion and return of a Form of Proxy will not preclude you from attending the General Meeting and voting in person if you so wish.

**Recommendation**

**The Directors consider the Resolutions to be proposed at the General Meeting to be in the best interests of the Company and the Shareholders as a whole. Consequently, the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do themselves in respect of their beneficial interests amounting, in aggregate, to 14,044,261 Ordinary Shares representing approximately 4.3 per cent. of the existing issued share capital of the Company at the date of this document.**

Yours faithfully

**J G Cluff**

*Chairman and Chief Executive Officer*



# Cluff Natural Resources Plc

*(incorporated as a company in England and Wales with company number 07958581)*

## NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Cluff Natural Resources Plc (the “**Company**”) will be held at 11:00 a.m. on 26 October 2017 at the offices of K&L Gates LLP, One New Change, London EC4M 9AF, for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 and 3 will be proposed as special resolutions and Resolution 2 will be proposed as an ordinary resolution.

### **Resolution 1**

THAT:

- (a) the directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company up to an aggregate nominal amount of £125,000 in connection with a subscription as described in a circular to shareholders dated 10 October 2017 (the “**Circular**”) provided that this authority shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this Resolution 1 save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted after such expiry and the directors may allot shares in pursuance of any such offers or agreements as if the authority conferred hereby had not expired and such authority is without prejudice to any unexercised authorities previously granted to the directors of the Company to allot shares; and
- (b) the directors be and are hereby empowered in accordance with section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to the allotment of shares in the Company up to an aggregate nominal amount of £125,000 as described in the Circular, provided that this authority shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this Resolution 1 save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offers or agreements as if the power conferred hereby had not expired and such authority is without prejudice to any unexercised authorities previously granted to the directors of the Company to grant shares.

### **Resolution 2**

THAT, conditional on the passing of Resolution 1, the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (“**Rights**”):

- (a) up to an aggregate nominal amount of £659,440; and
- (b) up to a further aggregate nominal amount of £659,440 provided that (i) they are equity securities (within the meaning of section 560(1) of the Companies Act 2006) and (ii) they are offered by way of a rights issue to holders of ordinary shares on the register of members at such record date as the directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date and to other holders of equity securities entitled to participate therein, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter,

provided that this authority shall expire on 31 January 2019, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the directors shall be entitled to allot relevant securities pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the directors to allot relevant securities (other than pursuant to Resolution 1 above) be and are hereby revoked.

### **Resolution 3**

THAT, conditional on the passing of Resolution 2, the directors be and are hereby empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of the Companies Act 2006) for cash pursuant to the authority conferred by Resolution 2 as if section 561(1) of the Companies Act 2006 did not apply to such allotment provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with an issue or offer of securities (but, in the case of the authority granted under paragraph (b) of Resolution 2, by way of a rights issue only) in favour of holders of ordinary shares on the register of members at such record date as the directors may determine where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates, or legal or practical problems under the laws of, or the requirements of any regulatory authority or stock exchange in, any territory or any other matter; and
- (b) the allotment otherwise than pursuant to 3(a) above, to any person or persons of equity securities up to an aggregate nominal amount of £297,045,

and shall expire upon the expiry of the general authority conferred by Resolution 2 above, save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuant of such offer or agreement as if this power had not expired.

By order of the Board

**J G Cluff**

*Chairman and Chief Executive Officer*

**Date of Notice:** 10 October 2017

**Company Number:** 07958581

**Registered Office:** Third Floor  
5-8 The Sanctuary  
London  
SW1P 3JS

## NOTES:

1. Resolution 1 entails Shareholders' waiver of their pre-emption rights in respect of the Second Tranche Shares pursuant to the Subscription and enables the directors to allot these shares for cash.
2. Resolution 2 enables the directors to allot relevant securities (including new Ordinary Shares). The maximum nominal amount of securities which the Board will have authority to allot pursuant to this Resolution is £1,318,880 (such amount equating to 66.6 per cent. of the aggregate nominal value of the enlarged issued share capital as at Second Admission (as defined in the Circular)). This amount is in line with the ABI Guidelines which recommend that the directors' authority to allot share capital be limited to a sum equal to two-thirds of the issued Ordinary Share capital plus the amount required in order to satisfy outstanding share options on condition that half of this amount (representing one third of the Company's enlarged issued share capital as at Second Admission) can only be allotted pursuant to a rights issue. Resolution 2 will, if passed, renew the authority to allot given to the directors at the general meeting on 24 November 2016 broadly on the same terms as the equivalent resolution passed at that meeting, but reflecting the increased number of Ordinary Shares comprised in the Company's enlarged issued share capital as at Second Admission.
3. Resolution 3 authorises directors to disapply statutory pre-emption rights on the allotment of a limited number of equity securities (including new Ordinary Shares). In the light of the ABI Guidelines described in relation to Resolution 2 above, this authority will permit the Directors to allot:
  - (a) shares up to approximately two-thirds of the Company's issued Ordinary Share capital pursuant to an offer to existing Shareholders on a pre-emptive basis. However unless the shares are allotted pursuant to a rights issue (rather than an open offer), the directors may only allot shares up to approximately one-third of the Company's issued Ordinary Share capital (in each case subject to such adjustments or exclusions as are described in the Notice of Meeting); and
  - (b) shares up to a maximum nominal amount of £297,045, such amount equating to 15 per cent. of the aggregate nominal value of the enlarged issued share capital as at Second Admission.
4. In order to be entitled to attend and/or vote at the General Meeting, a Shareholder must be entered on the register of members of the Company as being a holder of Ordinary Shares at 11:00 a.m. (UK time) on 24 October 2017.
5. Shareholders entitled to attend and vote may appoint a proxy or proxies to attend and vote on their behalf. A proxy need not be a member of the Company.
6. A Form of Proxy is enclosed for the General Meeting. All Shareholders who do not intend to attend the General Meeting are asked to complete and return a Form of Proxy. To be valid, the Form of Proxy (and the power of attorney or other authority, if any, under which it is signed or a duly certified copy of such authority) must be deposited at the Company's Registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR not later than 11:00 a.m. (UK time) on 24 October 2017. Completion and return of a Form of Proxy does not prevent a member from attending and voting in person at the meeting.
7. In the case of an individual, the Form of Proxy must be signed by the appointer or by his or her attorney duly authorised in writing.
8. In the case of a body corporate, the Form of Proxy must either be executed under its seal or under the hand of a duly authorised officer or attorney.
9. In the case of joint holders, such persons shall elect one of their number to represent them and to vote whether in person or by proxy. In default of such election the person whose name stands first in the register of members shall alone be entitled to vote.
10. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.
11. The Chairman may reject/accept any Form of Proxy which is completed and/or received other than in compliance with these notes.
12. A proxy for a Shareholder will exercise his discretion as to how he votes or whether he abstains from voting:
  - (a) on the resolutions set out in the notice of General Meeting if no instruction or contradictory instruction is given in the Form of a Proxy in respect of the resolution; and
  - (b) on any business or resolution considered at the meeting (or at any postponement or adjournment thereof) other than the resolutions set out in the notice of General Meeting.

